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CADDO PARISH FIRE DISTRICT NO. 4
KEITHVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/18/07

MARSHA O. MILLICAN
CERTIFIED PUBLIC ACCOUNTANT
SHREVEPORT, LOUISIANA

CADDO PARISH FIRE DISTRICT NO. 6

Keithville, Louisiana

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Caddo Parish Fire District No. 4
Keithville, Louisiana

I have audited the accompanying basic financial statements of Caddo Parish Fire District No. 4, (the District) a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Caddo Parish Fire District No. 4's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects the position of the District of December 31, 2006, and the respective changes in financial position for year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated June 19, 2007, on my consideration of Caddo Parish Fire District No. 4's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Mandra O. Millican

Certified Public Accountant
June 19, 2007

CADDO PARISH FIRE DISTRICT FOUR

Dedicated to providing and improving public service and peace of mind for the citizens in our community

8240 COLQUITT ROAD
KEITHVILLE, LA 71047
PHONE # 318-925-2200
FAX # 318-925-8790

Willie Joe Greene- CHAIRMAN
James Robinson- VICE-CHAIRMAN
Bryant Williams- FIRE CHIEF

Ron Loyd- SECRETARY/TREASURER
Kevin McClure- COMMISSIONER
Richard Watkins- COMMISSIONER

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Caddo Parish Fire District No. 4's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2006. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District had total net assets of \$994,428 at year end which represents an increase from the prior year of \$107,027.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and notes to financial statements. These components are described below:

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and Cash Flows provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF The ENTITY

Net Assets

Net assets may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$994,428 as of December 31, 2006.

The District's major assets are its fixed assets of \$685,435 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$404,268 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

\$144,328 (15%) of the District's net assets is restricted for debt service. These funds legally must be used to pay interest and principal on the outstanding general obligation bonds.

Caddo Parish Fire District No. 4's Net Assets December 31,

	2006	2005
Current assets	\$ 665,771	\$ 652,449
Capital assets	<u>762,788</u>	<u>753,732</u>
Total assets	<u>1,448,223</u>	<u>1,406,181</u>
Current liabilities	22,379	22,748
Noncurrent liabilities	<u>431,416</u>	<u>406,032</u>
Total liabilities	<u>453,795</u>	<u>518,780</u>
Invested in capital assets, net of related debt	281,167	298,447
Restricted for debt service	144,328	145,104
Unrestricted	<u>568,933</u>	<u>443,850</u>
Total net assets	<u>\$ 994,428</u>	<u>\$ 887,401</u>

Changes in Net Assets

The District's net assets increased by \$107,027 or 12.07% during the year ended December 31, 2006. Approximately 23 (\$197,876) of the District's total revenue was derived through property taxes, while approximately 41% (\$349,463) was derived through charges for services (structure fees). Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District. Approximately 59% (\$406,721) of the District's expenses are for salaries and related payroll taxes and employee benefits.

In 2006, governmental activity revenue exceeded expenses, resulting in an increase in net assets of \$107,027.

Caddo Parish Fire District No. 4's Changes in Net Assets For the Year Ended December 31,

	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 545,428	\$ 353,987
General revenues:		
Property taxes	197,876	190,753
Other	<u>98,425</u>	<u>80,830</u>
Total revenues	<u>841,729</u>	<u>625,570</u>
Expenses:		
Public safety - fire protection	709,460	681,911
Interest on long-term debt	<u>25,242</u>	<u>21,675</u>
Total expenses	<u>734,702</u>	<u>703,586</u>
Increase(Decrease) in net assets	107,027	(78,016)
Net assets, beginning of year	<u>887,401</u>	<u>965,417</u>
Net assets, end of year	<u>\$994,428</u>	<u>\$887,401</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$750,025, an increase of \$109,9062 compared to the prior year.

The majority of the combined ending fund balances, \$605,697 or approximately 81%, is unreserved and available for spending in the coming year. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to pay debt service, or (2) to purchase capital assets.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund increased by \$109,906 during 2006. This is approximately a 17% increase from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.).

The District's budget was amended during 2006.

The actual expenditures were \$21,835 less than the final budget amounts. Revenues available for expenditure were \$8,170 above the final budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2006, totaled \$1,546,473, net of accumulated depreciation of \$861,038, leaving a book value of \$685,435. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets was \$3,449 for the year. Depreciation charges for the year totaled \$71,746.

Debt Administration

The District's outstanding general obligation bond was issued on September 1, 2000 in the original amount of \$470,000. The obligation is secured by the ability of the District to levy property taxes to ensure payment of the debt and was approved by a vote of the citizens of the District.

The District incurred additional long-term debt during 2005 of \$86,352 for the purchase of equipment. Long-term debt general obligation bond debt decreased by \$25,000, the amount of the annual principal maturity of the Series 2000 General Obligation Bond. Principal balances on other debt were reduced by \$39,616 during 2006.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2007 was prepared.

- Revenues are expected to stay consistent for 2007.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Caddo Parish Fire District No. 4 for all of the District's citizens, taxpayers, investors, and creditors. This financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Bryant Williams, Fire Chief, Caddo Parish Fire District No. 4, 8240 Colquitt Road, Keithville, Louisiana 71047, or by calling (318) 925-2200.

CADDO PARISH FIRE DISTRICT NO. 4

**Statement of Net Assets
December 31, 2006**

Assets	Governmental Activities
Cash and cash equivalents	\$ 207,693
Ad valorem taxes receivable	194,319
Fire protection service charges receivable	317,736
Ambulance receivables	40,845
Prepaid insurance	2,195
Capital assets - net of accumulated depreciation	<u>685,435</u>
Total Assets	<u>1,448,223</u>
Liabilities	
Accounts payable	-
Payroll withholdings and accruals	12,763
Accrued interest on bonds	9,616
Long term liabilities:	
Payable within one year	71,857
Payable after one year	<u>359,559</u>
Total Liabilities	<u>453,795</u>
Net Assets	
Invested in capital assets, net of related debt	281,167
Restricted for:	
debt service	144,328
Unrestricted	<u>568,933</u>
<u>Total Net Assets</u>	<u>\$ 994,428</u>

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Capital Grants and Contributions		Total	
Governmental Activities:					
Public safety-fire protection	\$ 709,460	\$ -	\$ (164,032)		
Interest on long term debt	25,242	-	(25,242)		
Total Governmental Activities	\$ 734,702	\$ -	(189,274)		
General Revenues:					
Taxes:					
Ad valorem taxes			197,876		
State fire insurance rebate			22,831		
State revenue sharing			22,908		
State supplemental pay			21,690		
Interest Earned			20,188		
Miscellaneous			10,808		
Total General Revenues			296,301		
Change in Net assets			107,027		
Net Assets, beginning of year			887,401		
Net Assets, end of year			\$ 994,428		

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Balance Sheets
Governmental Funds
December 31, 2006

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 101,646	\$ 106,047	\$ 207,693
Ad valorem taxes receivable	150,444	43,875	194,319
Fire protection service charges receivable	317,736	-	317,736
Ambulance fees receivable	40,845	-	40,845
Due from other funds	5,594	-	5,594
Prepaid insurance	<u>2,195</u>	<u>-</u>	<u>2,195</u>
Total Assets	<u>\$ 618,460</u>	<u>\$ 149,922</u>	<u>\$ 768,382</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Due to other funds	-	5,594	5,594
Salaries payable	<u>12,763</u>	<u>-</u>	<u>12,763</u>
Total Liabilities	12,763	5,594	18,357
Fund Balances			
Reserved for debt service	-	144,328	144,328
Unreserved	<u>605,697</u>	<u>-</u>	<u>605,697</u>
Total Net Assets	<u>605,697</u>	<u>144,328</u>	<u>750,025</u>
Total Liabilities and Fund Balances	<u>\$ 618,460</u>	<u>\$ 149,922</u>	<u>\$ 768,382</u>

The notes to financial statements are an integral part of this report.

CADDO PARISH FIRE DISTRICT NO. 4

**Reconciliation of Fund Balances on the Balance Sheets
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
For the Year Ended December 31, 2006**

Fund Balances - Total Governmental Funds	\$ 750,025
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Add - capital assets	1,546,473
Deduct - accumulated depreciation	(861,038)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - Series 2000 Bonds payable	(330,000)
Accrued Interest on Bonds	(9,616)
Certificate of Indebtedness	(27,148)
Capital Leases payable	<u>(74,268)</u>
Net Assets of Governmental Activities	<u>\$ 994,428</u>

The notes to financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Debt Service	Total
Revenues:			
Ad valorem taxes	\$ 160,447	\$ 37,429	\$ 197,876
Fire protection fees	349,463	-	349,463
Ambulance fees	195,965	-	195,965
Intergovernmental revenues:			
State fire insurance rebate	22,831	-	22,831
State revenue sharing	22,908	-	22,908
State supplemental pay	21,690	-	21,690
Donations	10,500	-	10,500
Interest earned	14,286	5,902	20,188
Miscellaneous	308	-	308
Total Revenues	<u>798,398</u>	<u>43,331</u>	<u>841,729</u>
Expenditures:			
Current:			
Fire protection	640,761	402	641,163
Debt service:			
Principal	39,616	25,000	64,616
Interest	<u>7,339</u>	<u>18,705</u>	<u>26,044</u>
Total Expenditures	<u>687,716</u>	<u>44,107</u>	<u>731,823</u>
Net changes in fund balance before other financing sources	110,682	(776)	109,906
Other Financing Sources:			
Proceeds from debt	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	110,682	(776)	109,906
Fund Balances, Beginning of year,	<u>495,015</u>	<u>145,104</u>	<u>640,119</u>
Fund Balances, End of Year	<u>\$ 605,697</u>	<u>\$ 144,328</u>	<u>\$ 750,025</u>

The notes to the financial statements are an integral part of this report.

CADDO PARISH FIRE DISTRICT NO. 4

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 109,906
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$71,746) exceeds capital outlay (\$ 3,449).	(68,297)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	25,000
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Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	39,616
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds

Bond interest expense	<u>802</u>
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Change in Net Assets of Governmental Activities	<u>\$ 107,027</u>
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The notes to financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2006

INTRODUCTION

The Caddo Parish Fire District No. 4 ("the District") was created by the Caddo Parish Commission by ordinance as provided under the Louisiana Revised Statutes 40:1496. The District is comprised of property in Southwest Caddo Parish and is governed by a board of commissioners, who are appointed by the Caddo Parish Commission. The purpose of the District is to provide fire protection and emergency services to residents of the District.

1. *Summary of Significant Accounting Policies:*

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

For the year ended December 31, 2002, the District implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Government Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program, fire protection.

Governmental fund financial statements are provided for the District. The District consists of three governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Accounting – In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Assets and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity – Interfund receivables and payables are eliminated in the Statement of Net Assets.

Application of FASB Statements and Interpretations – Reporting on governmental type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets – Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets

Program Revenues – The Statement of Activities presents two categories of program revenues - (1) charges for services; and (2) operating grants and contributions.

Charges for services are those revenues arising from exchange or exchange like transactions with external parties that purchase, use or directly benefit from the programs goods, services or privileges. Service charges (structure fees) are reported as charges for services.

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for operating purposes of a program. Supplemental salaries paid to the firefighters by the State of Louisiana, state revenue sharing, and fire insurance rebates are reported as operating grants and contributions.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Restricted Net Assets – Restricted net assets are those for which a constraint has been imposed either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements – The Governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered are susceptible to accrual include property taxes, service fees, and interest on investments. Other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

General Fund – the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund – accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations.

CADDO PARISH FIRE DISTRICT NO. 4
Notes to Financial Statements
December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Budgeting and Budgetary Control

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget is prepared on a cash basis of accounting that is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2004.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Use of Estimates

The preparation of financial statements generally requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Capital Assets

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental fund financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

Compensated Absences

Compensated absences for vacation and sick leave do not accrue past the calendar year and are not paid for if not taken.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Long-term Obligations

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability reported on the Statement of Net Assets. In the fund financial statements, debt principal payments of the governmental funds are recognized as expenditures when paid.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible accounts.

Governmental fund type receivables consist primarily of amounts due for property taxes and charges for service (structure fees and ambulance fees).

Net Assets/Fund Balances

In the Statement of Net Assets, the differences between a government's assets and liabilities are recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt – This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets – This category records net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets.

Unrestricted Net Assets – This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved – The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Unreserved – The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

2. *Cash and Cash Equivalents:*

At December 31, 2006, the District has cash and cash equivalents (book balances) totaling \$125,347s follows:

	<u>Bank Balances</u>	<u>Book Balances</u>
Interest-bearing demand deposits	<u>\$ 228,207</u>	<u>\$ 207,693</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal 391nt bank. The market value of the pledged securities plus the federal deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2006, the District has \$100,000 in deposits (collected bank balances) that were secured from risk by federal deposit insurance of \$100,000 and \$128,207 were collateralized by pledged securities held by the custodial bank in the name of the fiscal agent.

3. *Ad Valorem Taxes and Structure Fees:*

The District levies taxes on real and business personal property within its boundaries on November 1st of each year. Property taxes are due before December 31st and attach as an enforceable lien on property as of January 1st of the following year.

On October 1, 1994, the voters of the District authorized a ten (10) year ten (10) mill ad valorem tax. The purpose of the tax is for maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services. .

On October 23, 1999, the voters of the District approved the issuance of general obligation bonds and the corresponding ad valorem taxes to be levied for debt service. The amount levied for 2006 was 3 mills.

For the year ended December 31, 2006, total ad valorem taxes of 13 mills were levied on property with assessed valuations totaling \$16,139,120 after the application of homestead exemptions and adjudicated property. Total taxes levied at December 31, 2006, for debt retirement and for operation were \$40,537 and \$161,984, respectively.

The voters of the District also approved the levying of a \$100 service charge (structure fee) for each residential or commercial structure. Total service charges levied at December 31, 2006, were \$346,400.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

4. Receivables:

A summary of receivables at December 31, 2006, follows:

	General	Debt Service	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 150,444	\$ 43,875	\$ 194,319
Ambulance fees	40,845	-	40,845
Service charges	<u>317,736</u>	<u>-</u>	<u>317,736</u>
	<u>\$ 509,025</u>	<u>\$ 43,875</u>	<u>\$ 552,900</u>

5. Capital Assets:

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Government activities:			
Capital assets, being depreciated:			
Buildings & improvements	518,165	-	518,165
Equipment & furniture	<u>995,472</u>	<u>3,449</u>	<u>998,921</u>
Total	<u>1,513,637</u>	<u>3,449</u>	<u>1,517,086</u>
Less accumulated depreciation:			
Buildings & improvements	(61,914)	(13,659)	(75,573)
Equipment	<u>(727,378)</u>	<u>(58,087)</u>	<u>(785,465)</u>
Total	(789,292)	(71,746)	(861,038)
Land	<u>29,387</u>	<u>-</u>	<u>29,387</u>
Net capital assets	<u>753,732</u>	<u>(68,297)</u>	<u>685,435</u>

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

6. Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

7. Pension Plan:

Firefighter's Retirement System of Louisiana

Plan Description

Substantially all employees of the District are members of the Louisiana Firefighters' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipally, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The employer contribution rate ranges from 15.50% of annual covered payroll to 18.00%. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the year ending December 31, 2006 was \$41,749 based on eligible wages of \$249,056.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2006

8. Per Diem Paid to Commissioners:

The District has a voluntary board; therefore, no per diem amounts were paid during this period.

9. Long-Term Obligations:

A summary of change in long-term debt

	Balance 1/01/2006	Principal Payments	Balance 12/31/2006
General Obligation Bonds	\$ 355,000	(25,000)	\$ 330,000
Certificate of Indebtedness	40,747	(13,599)	27,148
Capital Leases Payable	100,285	(26,017)	74,268
Totals	<u>\$496,032</u>	<u>\$(64,616)</u>	<u>\$ 431,416</u>

On September 1, 2000, the District sold \$470,000 of general obligation bonds dated August 1, 2000, due in annual installments of \$20,000 to \$45,000 through August 1, 2015. The interest rate ranges from 5.0% to 7.0%. The bonds are secured by levy and collection of ad valorem taxes.

The annual requirements to amortize obligation bonds outstanding as of December 31, 2006, are as follows:

Year Ending	Principal	Interest	Total
2007	30,000	17,455	47,455
2008	30,000	15,940	45,940
2009	30,000	14,410	44,410
2010	35,000	12,865	47,865
2011	35,000	11,045	46,045
Thereafter	170,000	23,698	193,698
Total	<u>330,000</u>	<u>95,413</u>	<u>425,413</u>

Capital leases consists of a lease for a brush truck and an ambulance. Total payments under these leases including interest of \$7,060-\$, 2007 - \$31,282, 2008 - \$31,282, 2009 - \$18,764.

On October 28, 2005, the District issued Certificate of Indebtedness R-1 in the amount of \$42,935. The certificate bears interest at the rate of 6%. Payments required including interest of 1,998 are as follows: 2007 - \$15,674, 2007 - \$13,472.

CADDO PARISH FIRE DISTRICT NO. 4
Notes to Financial Statements
December 31, 2006

10. On-Behalf Payments for Fringe Benefits and Salaries:

Supplemental salary payments are made by the State directly to certain firemen employed by the District. GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer government entity. In accordance with this Statement, \$21,690 has been recognized as both intergovernmental revenue (state supplemental pay) and salaries in the General Fund.

11. Due To/From Other Funds:

As of December 31, 2006, interfund receivables and payable resulting from various interfund transactions were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 5,594	\$ -
Debt Service Fund	-	5,594
	<u>\$ 5,594</u>	<u>\$ 5,594</u>

12. Reconciliation of Differences between the Budgetary-Based Fund Financial Statements and the GAAP-Based Fund Financial Statements:

As discussed in Note 1, the budget is prepared on a cash basis of accounting. However, the modified accrual basis of accounting is used for fund financial reporting purposes in accordance with GAAP. Exhibit 1 on page 24 is a reconciliation of revenues and expenditures recognized in accordance with GAAP to revenues and expenditures recognized in accordance to the budgetary basis (cash basis) for the year ended December 31, 2006.

CADDO PARISH FIRE DISTRICT 4

Notes to Financial Statements

December 31, 2006

Exhibit 1

Budgetary/GAAP Reporting Reconciliation

General Fund

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
Ad valorem taxes	\$ 160,447	\$ (9,941)	\$ 150,506
Fire protection service fees	349,463	(16,707)	332,756
Ambulance fees	195,965	(40,845)	155,120
Intergovernmental		-	
State fire insurance rebate	22,831	-	22,831
Grants	-	-	-
State revenue sharing	22,908	(5,727)	17,181
State supplemental pay	21,690	-	21,690
Donations	10,500	(500)	10,000
Interest earned	14,286	-	14,286
Sale of assets	-	-	-
Miscellaneous	308	(258)	50
Total revenues	798,398	(73,978)	724,420
Expenditures:			
Current fire protection:			
Collection expense	43,006	(1,267)	41,739
Employee benefits	43,601	(2,941)	40,660
Firefighters retirement	41,749	-	41,749
Gas, oil and fuel	14,082	-	14,082
Insurance	55,952	209	56,161
Medical supplies	12,090	-	12,090
Office supplies and expenses	3,968	1,420	5,388
Payroll taxes	12,533	(30)	12,503
Pension fund contribution	6,455	-	6,455
Professional Fees	3,500	-	3,500
Public relations	3,664	-	3,664
Repair and maintenance	20,709	(2,396)	18,313
Salaries	356,030	(2,472)	353,558
Station supplies	2,208	-	2,208
Training and travel	2,887	-	2,887
Uniforms	3,544	-	3,544
Utilities	10,852	1,681	12,533
Capital outlay	3,931	-	3,931
Total fire protection	640,761	(5,796)	634,965
Debt service	46,955	-	46,955
Total expenditures	687,716	(5,796)	681,920
Excess Revenues		-	
Over Expenditures	110,682	(68,182)	42,500
Fund Balances, Beginning	495,015		
Fund Balances, Ending	695,697		

CADDO PARISH FIRE DISTRICT 4

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
(Cash Basis)
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 191,081	\$ 152,400	\$ 150,506	\$ (1,894)
Fire protection service fees	208,725	328,500	332,756	4,256
Ambulance fees	5,340	150,000	155,120	5,120
Intergovernmental				
State fire insurance rebate	16,500	22,800	22,831	31
State supplemental pay	-	21,600	21,690	90
State revenue sharing	14,000	17,100	17,181	81
Donations		10,000	10,000	-
Interest earned	8,000	13,300	14,286	986
Sale of assets	-	500	-	(500)
Miscellaneous	175	50	50	-
Total revenues	443,821	716,250	724,420	8,170
Expenditures:				
Current fire protection:				
Collection expense	16,698	40,000	41,739	(1,739)
Employee benefits	16,500	43,500	40,660	2,840
Firefighters retirement	27,200	42,000	41,749	251
Gas, oil and fuel	12,000	15,000	14,082	918
Insurance	40,700	64,700	56,161	8,539
Medical supplies	21,051	12,000	12,090	(90)
Office supplies and expenses	750	4,300	5,388	(1,088)
Payroll taxes	5,300	12,000	12,503	(503)
Pension fund contribution	8,625	6,700	6,455	245
Professional Fees	6,000	3,500	3,500	-
Public relations	1,000	3,000	3,664	(664)
Repair and maintenance	18,000	15,000	18,313	(3,313)
Salaries	225,293	369,600	353,558	16,042
Station supplies	8,750	2,500	2,208	292
Training and travel	9,500	3,500	2,887	613
Uniforms	4,000	3,500	3,544	(44)
Utilities	15,700	12,000	12,533	(533)
Capital outlay	31,000	4,000	3,931	69
Total fire protection	468,067	656,800	634,965	21,835
Debt service	24,260	46,955	46,955	-
Total expenditures	492,327	703,755	681,920	21,835
Excess Revenues		-		
Over Expenditures	(48,506)	12,495	42,500	30,005
Fund Balances, Beginning	275,929	495,015	495,015	
Fund Balances, Ending	\$ 227,423	\$ 507,510	\$ 537,515	\$ 30,005



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The the Members of the Board of Commissioners
Caddo Parish Fire District No. 4
Keithville, Louisiana

I have audited the component unit financial statements of Caddo Parish Fire District No. 4 as of and for the year ended December 31, 2006, and have issued my report thereon dated June 19, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Caddo Parish Fire District No. 4's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Fire District No. 4's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

This report is intended solely for the information and use of management, the Board of Commissioners, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Mariano Millican". The signature is fluid and cursive, with a large loop at the end.

Certified Public Accountant
June 19, 2007

Caddo Parish Fire District No. 4

Corrective Action Taken on Prior Year Findings

December 31, 2006

There were no findings or questioned costs for the year ended December 31, 2005.

Caddo Parish Fire District No. 4

Schedule of Findings and Responses

December 31, 2006

There were no findings for the year ended December 31, 2006.